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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Director, National Foreign Assessment Center

FROM :
Director of Global Issues

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SUBJECT : CIA Support for Continuing the World
Energy Program of the U.S. Geological
Survey

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1. Action Requested. Your signature on the attached letter supporting the U.S. Geological Survey Program on World Energy.

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2. Background. We have recently learned that the Department of Interior may elect not to fund the World Energy Program of the U.S. Geological Survey for FY1983. During this past June, NFAC support was instrumental in helping to persuade the Congress to appropriate funds to continue this program that directly supports our analysis of Soviet and Chinese oil. Now, however, Secretary Watt is apparently undecided as to whether Interior should retain the program. Termination of the World Energy Program would impair CIA's current research and collection efforts on energy sources in denied areas. USGS officials have indicated that an expression of Cabinet-level support to Interior from the principal consumers of the World Energy Program product (State, DoD, Energy, and CIA) would assist them in keeping their work going.

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3. The World Energy Program is a relatively recent effort aimed at developing geologic estimates of worldwide fuel mineral resources. To date, it has focused its attention on petroleum deposits in the USSR, China, the Middle East, and Mexico, and, more recently, on Soviet uranium resources. Relative to the primary missions of USGS, the World Energy Program is a low priority activity with a small budget (\$1.5 million in FY1981). Based on a decision of the Carter Administration, the program--like most other new programs--was left unfunded for FY1982. Though funding was subsequently restored by the Congress, Interior has been reluctant to program FY1983 monies to keep this research going.

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5. The work of the World Energy Program is a "free good" for CIA. NFAC currently has no funds available to support basic scientific research of this sort--though it is invaluable to us. Indeed, even if money were available, we could not begin to duplicate the USGS effort in house. By virtue of its high standing in the profession, USGS can top both foreign and domestic experts who simply would not be available to CIA. Moreover, the research products of USGS carry a professional validity that would be hard to match and that lends credibility to our own analysis.

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6. Recommendation. USGS has been actively soliciting support (moral, not financial) for continuing the work from its main consumers. The World Energy Program has no active opposition within the Department of the Interior; its visibility is just very low. USGS officials have indicated that the final decision on continuing the program now lies directly with Secretary Watt. In view of the fact that John McMahon's earlier letter to Donald Hodel, the Under Secretary of the Interior, was only partially successful in alerting executive management in Interior to the value of the World Energy Program to CIA, a letter from the DCI

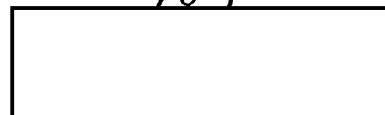
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to the Secretary appears to be the only additional step in
support of the program available to us. OGI recommends
you send such a letter.



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Attachments:

- A. Proposed DCI letter to the Secretary of the Interior []
- B. Copy of D/NFAC letter of 8 June 1981 to Donald P. Hodel,
Under Secretary of the Interior []
- C. Copy of a "CIA Support of the USGS World Energy Program,"
a point paper submitted on 29 May 1981 to the US Geological
Survey and to the Senate and House Appropriations Committees
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